



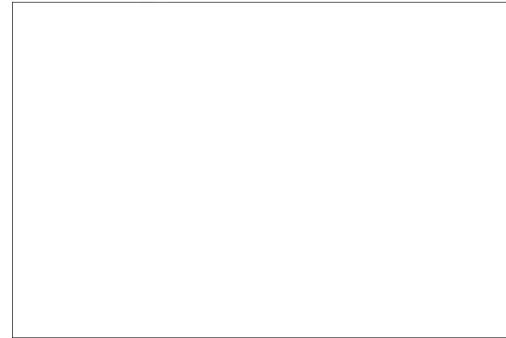
**Director of
Central
Intelligence**

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National Intelligence Daily

*Friday
10 February 1984*

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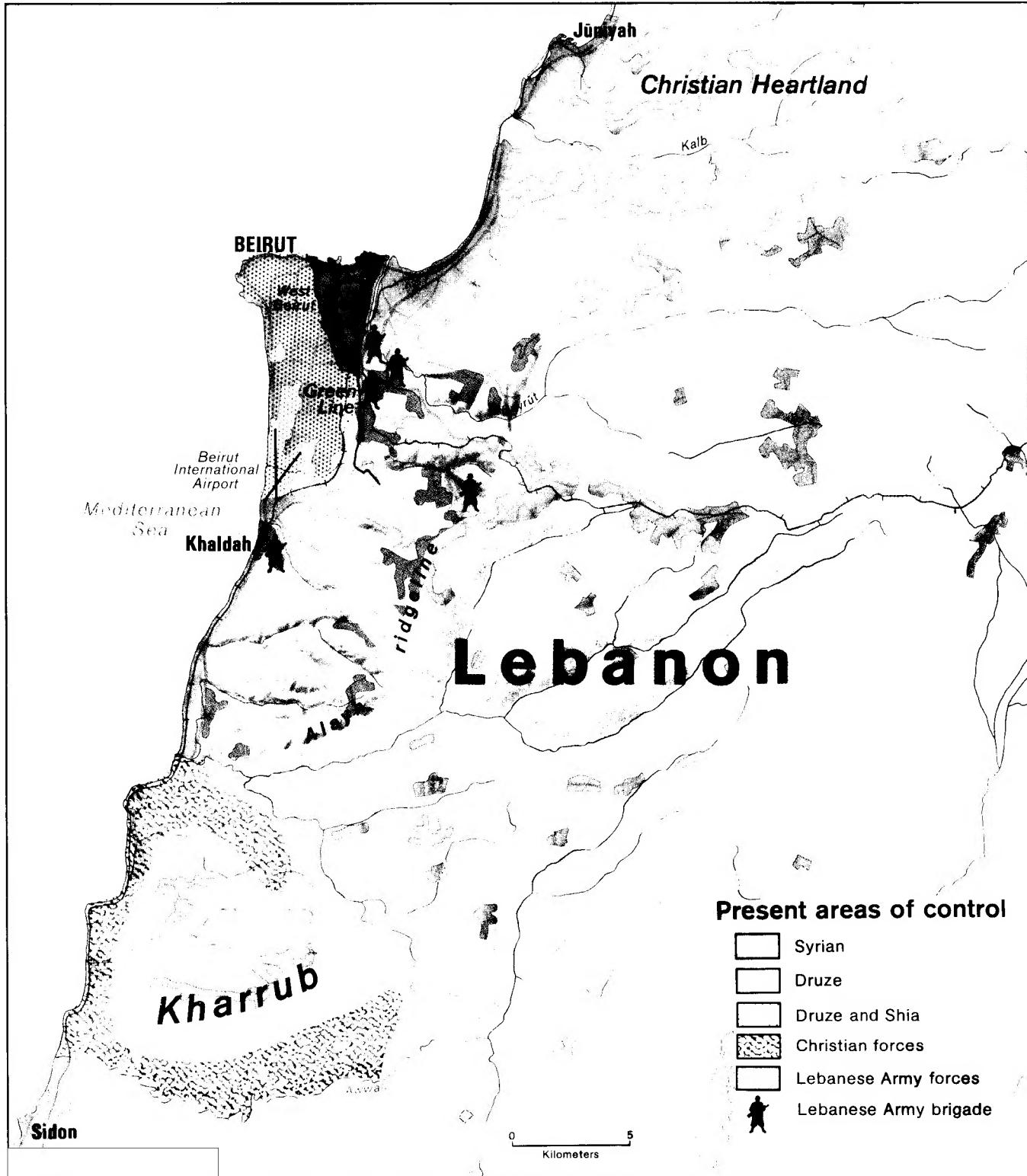
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SYRIA-LEBANON: Pushing Political Talks

The Syrians are encouraging Lebanese factional leaders to begin talks on political reconciliation, according to sources of the US Embassy in Damascus. [redacted]

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President Assad met yesterday with National Salvation Front leaders Franjiyah, Karami, and Junblatt. Earlier this week Assad held talks with Lebanese Sunni notables. President Gemayel's representative, Jean Obeid, reportedly has arrived in Damascus. [redacted]

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Embassy sources say Syrian officials are worried that Christian extremists in Gemayel's Phalange Party might persuade Israel to intervene militarily if a settlement is not achieved. The Syrians reportedly hope that progress can be made within the next few days. [redacted]

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Beirut remained calm yesterday, although there were press accounts of some shelling of East Beirut and of clashes between Christian and Druze militias in the Kharrub area. The US defense attache reports that the Army is preparing to resist an attack it expects along the Alayh ridgeline in retaliation for the US naval bombardment of the last two days. [redacted]

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Comment: Assad probably hopes a quick political deal can be arranged that meets Syrian demands and stops the fighting before Muslim gains prompt moves by the Phalange Party to set up a Christian enclave. Damascus has not called for Gemayel's resignation, and Assad appears to believe that accommodation is still possible. [redacted]

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If Gemayel does not move soon to make political concessions and appoint a new prime minister, the opposition forces are likely to increase military pressure on the Christians in Beirut. They might take new action along the ridgeline, in the Kharrub, or against the Christian heartland. [redacted]

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KUWAIT: Trial of Terrorists

The trial of 25 people implicated in the bombings of the US Embassy and other installations in mid-December will begin tomorrow amid fears of further Iranian-backed attacks against Kuwaiti and US targets. [redacted]

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Dawa, the Iranian-backed Shia dissident group that the authorities consider responsible for the bombings, has threatened additional terrorism if the suspects are not released. Most of those who are to stand trial—including 17 Iraqis, three Lebanese, and three Kuwaitis—have already admitted to being Dawa members. [redacted]

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An official in the Foreign Ministry warned the Embassy earlier this week that US personnel and installations in the Persian Gulf might be attacked to put pressure on Kuwait to free the prisoners. He did not expect such an attack in Kuwait itself. [redacted]

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[redacted]
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Officials also are worried that an impending Iranian offensive against Iraq could spill over into Kuwait. The Air Force was put on alert Tuesday, and the Army is scheduled to take over the port of al-Ahmadi today. National Guard units withdrawn from the Embassy compound are reportedly being sent north to assist the Army. [redacted]

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Comment: The prospect of the trial and an Iranian offensive, combined with recent murders in Paris, probably will persuade Kuwait and other Persian Gulf states to try to placate Iran. Kuwait still seems determined to punish the bombing suspects, but it hopes to avoid public mention of Shia schemes or Iranian involvement. [redacted]

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Kuwait's security services were spread thin by the investigations of the bombings, and officials probably are overconfident of their ability to monitor internal threats. Security will be further strained by a trial that could last many months, by continued efforts of Dawa sympathizers to secure the prisoners' release, and possibly by violence after the verdicts are announced. [redacted]

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HUNGARY: Statements on Foreign Policy

Recent public statements by party Secretary Szuros that Hungary is committed to an independent foreign policy reflect Budapest's resolve to maintain good relations with the West [redacted] pressure to take a harder line.

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Szuros said in a radio interview last month that Hungarian policies are not identical to those of the USSR, and he asserted that national interests should not be subordinated to common ones except in an "extraordinary situation." He added that the Hungarians would continue to seek East-West dialogue despite current strains in relations between the superpowers. [redacted]

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[redacted] Hungary came under Soviet pressure late last year to take a firmer stance toward the West in reaction to INF deployments. Budapest subsequently increased its criticism of the US and NATO, and a senior foreign policy official denied Western reports that Hungary wants to help bridge the differences between East and West. [redacted]

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Comment: Szuros's remarks seem designed to portray Hungary to the West as a negotiating partner not totally controlled by Moscow. The Hungarians may believe that uncertainties in the USSR's policy caused by General Secretary Andropov's illness give them some additional leeway in foreign policy. Budapest will be hosting visits in the next few months by several Western leaders, including West German Chancellor Kohl and Italian Prime Minister Craxi, who are likely to encourage Hungarian leaders to pursue a more independent course. [redacted]

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Szuros also probably was seeking to reassure the Hungarian people that heightened East-West tensions will not cause retrenchment in domestic policies or a substantial reduction in Western contacts. Hungary's liberal economic policies and its open political atmosphere are important sources of popularity and legitimacy for the regime. [redacted]

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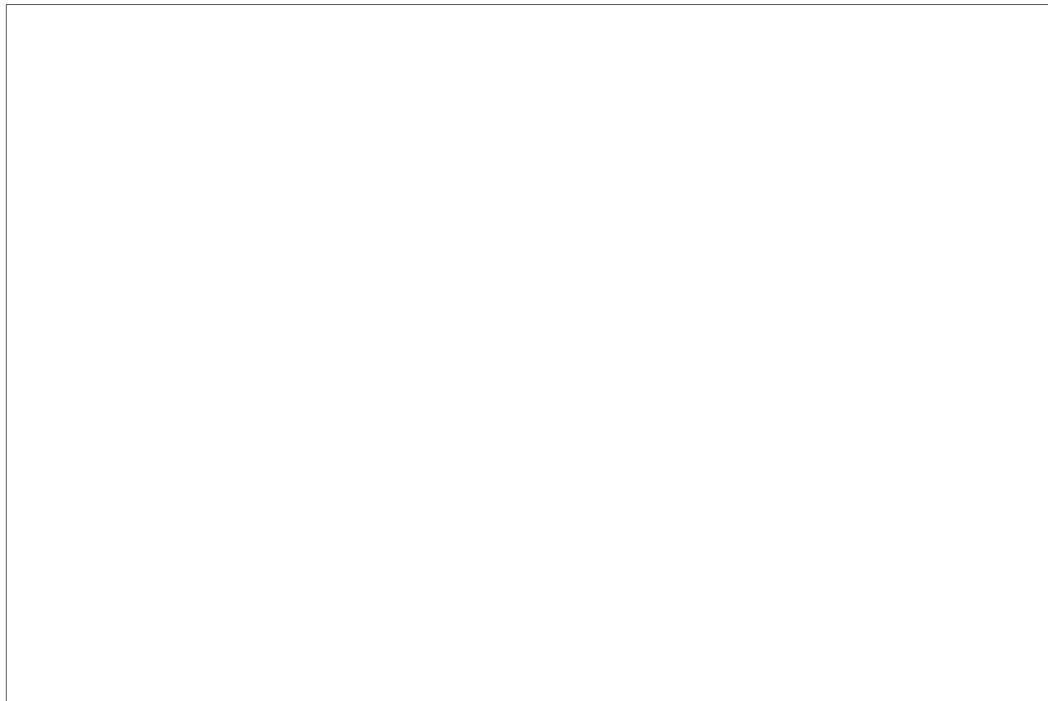
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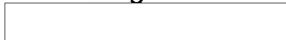
USSR-ANGOLA: MIG-23s Delivered



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Comment: The MIG-23s will complement other advanced air defense weapons sent by the USSR in recent months. They probably will be flown by Cuban pilots. Cubans have been flying MIG-21s in Angola—until now the most advanced interceptors in the country.



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VIETNAM-KAMPUCHEA: Attacks on Resistance Bases

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[redacted] Vietnamese troops and forces of the regime in Phnom Penh overran the small base of the non-Communist Khmer People's National Liberation Front at O Bok on Wednesday, driving more than 2,000 civilians into Thailand.

Although information on casualties is incomplete, unconfirmed press reports say that 18 soldiers of the resistance are being treated for symptoms caused by an unidentified gas. Other press reports say that the Vietnamese also have attacked a small Democratic Kampuchean base at Chong Bok near the Lao border, but no details are available.

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Comment: The attacks appear to have only limited local objectives. Most Vietnamese forces recently have stayed away from the border, and there are no indications of imminent attacks on the large non-Communist bases south of O Bok or against Prince Sihanouk's base at Ta Tum. [redacted]

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TAIWAN-US: Curbing the Trade Surplus

Taiwan is seeking to reduce its growing trade surplus with the US, which reached \$6.7 billion last year. The government recently eased some import restrictions and is considering several other steps, including relaxing additional import restrictions, promoting US goods, and diversifying export markets. Taipei previously limited its efforts mainly to calling on the US to sell Alaskan oil and advanced arms to Taiwan and to sending buying missions to the US. Purchases by the US, predominantly of consumer goods and textiles, account for about half of Taiwan's exports. [redacted]

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Comment: Taipei is aware of Washington's concerns and wants to head off any US economic retaliation. Taiwan also is worried about the recent improvement in Sino-US relations and probably will use these trade policy efforts to improve its own standing in the US. Nevertheless, the continuing strength of the US dollar, as well as resistance in Taiwan to lowering import barriers, will impede the government's efforts to reduce the trade imbalance. [redacted]

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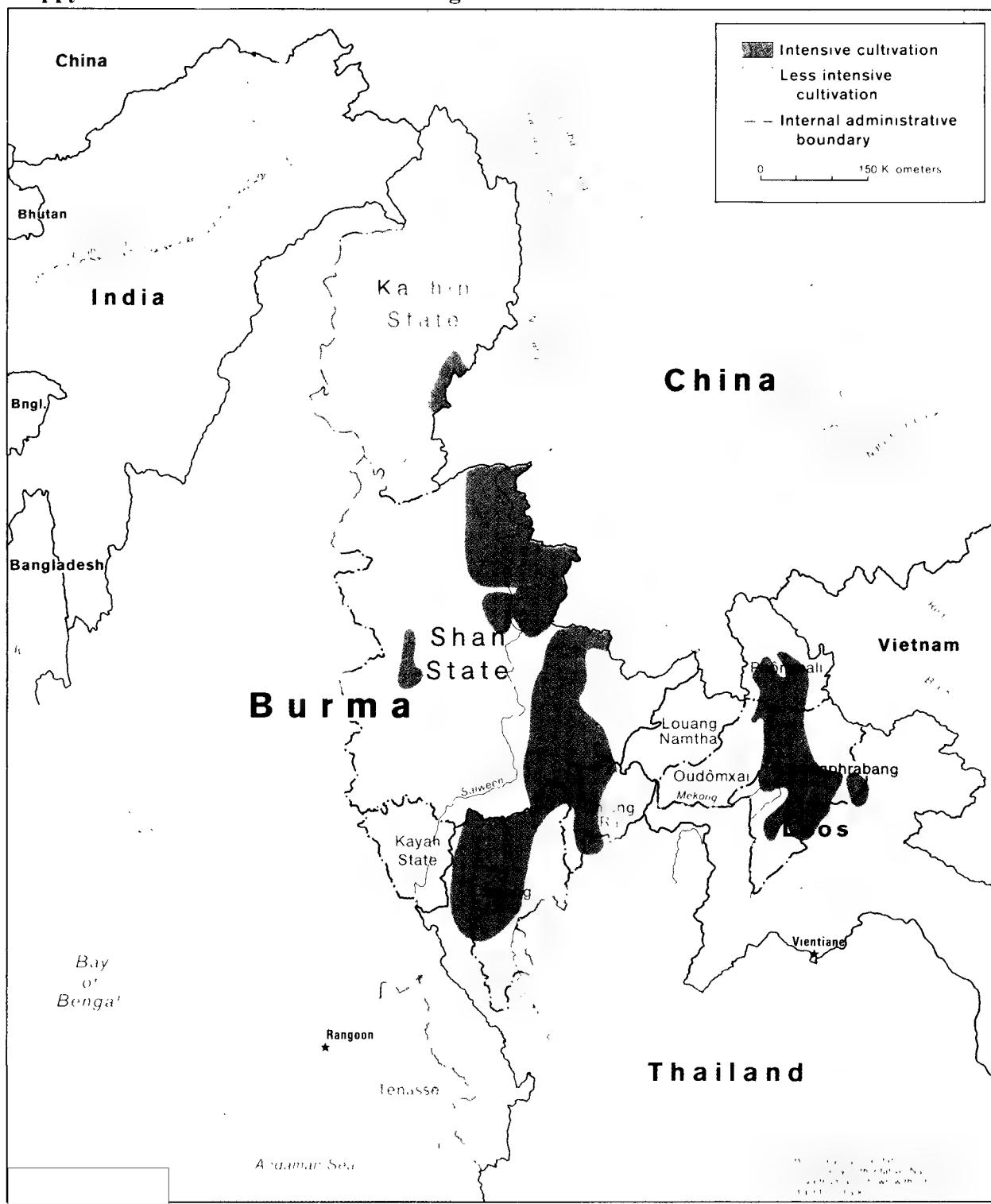
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Poppy Cultivation in the Golden Triangle

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SOUTHEAST ASIA: Increased Opium Production

Preliminary estimates of opium production in the "Golden Triangle" area of Burma, Thailand, and Laos indicate an increase over the harvest of 600 tons in 1983, presaging larger exports to the US. According to US Embassy reporting [redacted] the area planted in opium poppies returned to the level of 1981/82 after a decline last year. A late monsoon delayed early sowing, but subsequent good weather and favorable prices led to the increase in acreage. [redacted]

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Comment: Increased military action by Thailand against traffickers and counterinsurgency operations by Burma have done little to check opium production. Burmese eradication efforts are limited by insurgent activity, lack of resources, and corruption, and in Thailand inadequate political support threatens the eradication program. About 90 percent of production in the Golden Triangle comes from Burma, where much of the major growing areas remain outside government control. Southeast Asia accounts for about 25 percent of the heroin reaching the US. [redacted]

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USSR: Initiatives in the Consumer Sector

The summary in *Pravda* of the Politburo meeting last week states the leadership has ordered that an experiment, limited to eight small regions, be carried out in consumer service enterprises. The initiative, which is similar to one begun last month in other selected industries, is aimed at decentralizing management, increasing labor incentives, and improving overall efficiency in the consumer sector. In addition, Politburo member Vorotnikov and party secretary Kapitonov addressed high-level meetings last week on ways to improve the quality and availability of consumer goods and services. According to the media reports, these developments are in response to General Secretary Andropov's emphasis on improving consumer goods at the plenum in December. [redacted]

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Comment: Andropov has pushed for improvements in the consumer sector since he took over as party chief, and the Politburo's decision suggests that he continues to give direction to policy. The experiment is part of the recently announced long-term program for improving consumer welfare, which emphasizes increased efficiency instead of investment to improve the sector gradually. [redacted]

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NORTH KOREA: Production of Military Aircraft

The North Koreans are building an aircraft production complex that will enable them to produce military aircraft within the next few years.

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Comment: If construction continues at the current rapid pace, the helicopter facility probably will be complete this year, the fixed-wing facility next year, and the engine facility in 1986. The production of aircraft will be a major step toward self-sufficiency in military production. The North Koreans already manufacture tanks, self-propelled artillery, armored personnel carriers, missile boats, and submarines. The first aircraft built at the complex are likely to be copies of the MIG-21 fighter and the MI-2 helicopter.

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The US defense attache in Tokyo reports that Japan has decided to purchase the rights from the UK to produce the FH-70 155-mm howitzer. During evaluations in 1981, Japanese defense officials were impressed with the FH-70's high rate of fire and transportability by helicopter. Production of an undisclosed number of guns is expected to begin next year.

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Comment: Japan chose the FH-70 mainly because it could not acquire licensed-production rights for comparable US or Swedish howitzers. Tokyo hopes to apply manufacturing technology and components for the FH-70 toward developing a self-propelled 155-mm gun for its armed forces.

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USSR: Setbacks for the Nuclear Industry

Recent statements by Soviet energy officials indicate there will be further delays in the commercial nuclear energy program. The Minister of Power and Electrification has complained to a Western diplomat that new safety regulations—imposed by the State Committee on Nuclear Safety—restricting the places where plants may be located will lead to higher costs, greater technical requirements, and slower growth in the nuclear power program. Soviet turbine designers recently made public a major planning mistake that could delay for some time the manufacture of a special steam turbine needed at some new types of Soviet nuclear plants, two of which are already under construction.

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Comment: The nuclear industry has grown steadily in recent years, but construction bottlenecks and problems with the manufacture of components have retarded progress. The new safety criteria for plant location and the difficulties producing turbines will cause more setbacks. The impact probably will be felt after 1985, when the affected plants are to enter service. It could prompt the Soviets to seek some Western components for nuclear stations or machine tools to build the components.

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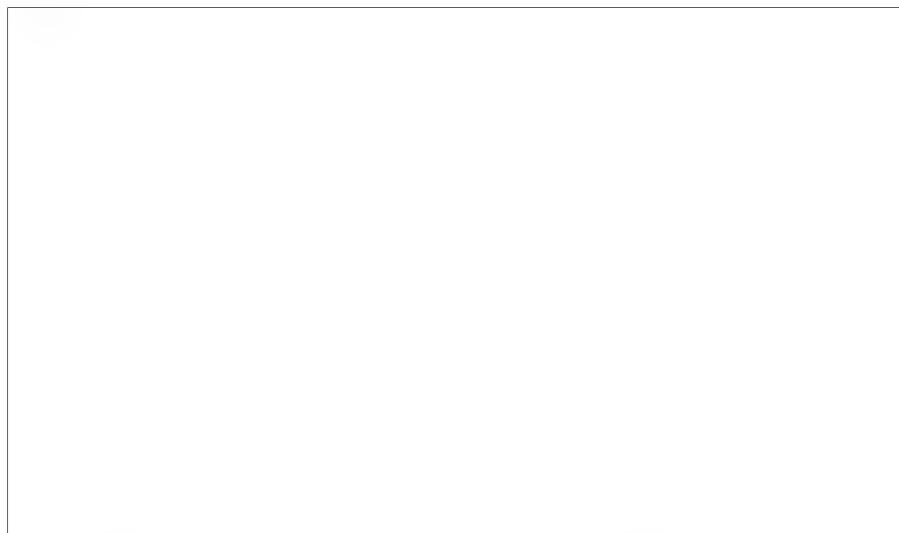
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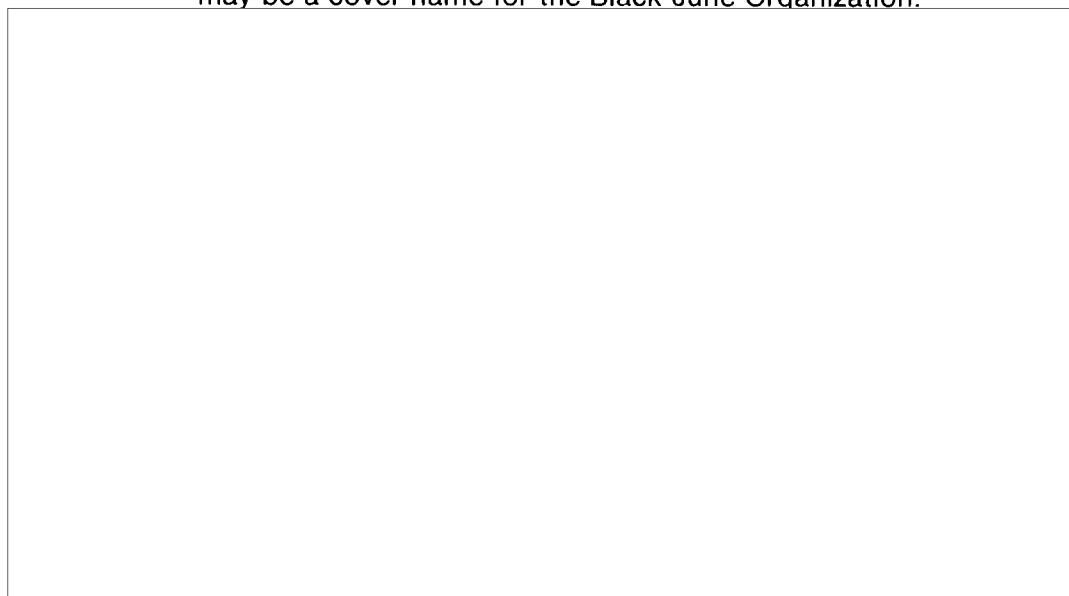
INTERNATIONAL: Terrorist Watch

Middle East



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— The Arab Revolutionary Brigades have claimed responsibility for the murder on Wednesday of the United Arab Emirates' Ambassador to France. The Brigades, which previously claimed responsibility for blowing up a UAE-owned airliner, for murdering an Israeli diplomat in Paris, and for several attacks on Jordanian diplomats, may be a cover name for the Black June Organization.



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Special Analysis

JORDAN-US: King Hussein's Visit

King Hussein will use his discussions in Washington next week with senior US officials to probe current US attitudes toward the peace process before he resumes talks with PLO Chairman Arafat. The King will explain that he cannot begin negotiations without Palestinian and moderate Arab support, and that he has to have persuasive evidence of Israeli flexibility to win them over. In stressing the risks to Jordan, Hussein will solicit advanced US weapons to ward off the threat he perceives from Syria and its radical Palestinian clients.

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Hussein wants to determine the priority the US places on an Arab-Israeli settlement. He is worried that Jordan's concerns are being obscured by US preoccupation with the situation in Lebanon. He also is worried that, in an election year, Washington will find it difficult to help him reach an agreement with Arafat.

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Reviving the Peace Process

The King apparently believes that he is in a better position now than he was last April—when his dialogue with Arafat ended—to arrange a Jordanian role in peace negotiations. Hussein believes that the split in PLO ranks and the subsequent weakening of Arafat's leadership work to his advantage. He also sees the participation of Palestinians in Jordan's recently reconvened parliament as strengthening his hand with Arafat and with moderate Arab leaders.

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Hussein has invited Arafat to Amman without imposing conditions. This is a departure from his previous insistence that discussions have to take up where they left off. To strengthen his hand, the King reportedly has lined up a group of about 40 West Bank leaders who would be present in Amman to put pressure on Arafat to conclude an agreement.

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Arafat, despite his weakened position, still commands broad support in the West Bank and is likely to be confident that he does not have to make concessions. Even if Arafat's popularity declines, he probably will continue to give more weight to PLO than to West Bank opinion in determining his next moves.

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If Hussein fails to receive Arafat's backing, he may consider forming a Jordanian-West Bank negotiating team drawn from members of the parliament. West Bankers might hesitate to challenge Arafat, however, by accepting such a group as their legitimate

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representative. Moreover, [redacted] the West Bank parliamentarians are not viewed by their constituencies as representatives of Palestinians as a whole [redacted]

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Syrian Pressure on Hussein

During his discussions, Hussein will emphasize the Syrian threat to Jordan. He fears that his efforts to revive the peace process will prompt Syrian reprisals. The King suspects that Damascus encouraged Black June and other radical Palestinian groups to conduct terrorist acts against Jordanian diplomats last November as a warning to him not to reopen talks with Arafat. [redacted]

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[redacted] Damascus probably would not hesitate to use its radical Palestinian assets to disrupt the dialogue between Hussein and Arafat. The Syrians would be less likely to threaten direct military intervention, unless the talks appeared to be on the verge of success. [redacted]

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Looking to the US

Hussein feels strongly about the need to acquire advanced US weapons to strengthen Jordan's ability to defend itself against Syria. He rejects Congressional opposition to selling Jordan arms before it has committed itself to the peace process. The King argues that Jordan first has to be strong enough to ward off any Syrian threat.

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The Jordanian leader also will stress his country's vulnerability to political and economic pressures from other Arab states. He will not risk Jordan's security by entering negotiations without explicit Palestinian and moderate Arab support. To persuade Arafat and moderate Arab leaders that negotiations offer hope of a positive return, Hussein will insist that the US prove its willingness to extract concessions from Israel. [redacted]

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